

LNF & IHCIF Calculations Illustration

- SCHURZ (9 locations) in Phoenix area -

Given Data

- 12,796 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 47% = % Expenditures on purchased services, 53% = % expenditures in-house
- 115.5% = Cost index for purchasing health care in this geographic area
- 127.8% = Size cost index for in-house costs due to small or large size
- 100.9% = Phoenix area cost index for health status above or below average

Cost Adjustment Calculations

- \$1,618 per person for purchased services = $47\% * 115.5\% * \$2,980$
- \$2,019 per person for in-house services = $53\% * 127.8\% * \$2,980$
- \$3,637 per person total = \$1,618 (purchase) + \$2,019 (in-house)
- **\$3,670 per person total** adjusted for health status = $\$3,637 * 100.9\%$
- **\$2,925 per person net cost** = $\$3,670 - \745 Other resources (M&M&PI)

Existing Expenditures (for 12,796 users excluding wrap-around and collections)

- \$1,197 per person = local IHS allowance (excludes \$ for wrap-around)
- \$224 per person = expenditures elsewhere in Phoenix area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,475 per person for OU users** = $\$1,197 + \$224 + \$54$

LNF Calculation

- **40.2% Gross LNF** = $\$1,475$ (expenditures) / $\$3,670$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **50.4% Net LNF** = $\$1,475 / \$2,925$ net cost ($\$3,670 - \745 other)

IHCIF Allocation

- \$3,582,307 = \$ to raise LNF% from 50.4% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$124,951 Allocation** = $\$3,582,307$ needed for 60% * 3.488% IHCIF fraction

SCHURZ (9 locations) Unmet Needs

- **\$37,432,271 Net Total Need** = 12,796 users * \$2,925 net cost
- **\$18,555,215 Net Unmet Need** = $(100\% - 50.4\% \text{ LNF}) * 12,796 \text{ users} * \$2,925 \text{ net cost}$